

EXAMINER'S BANKING PRACTICES SURVEY

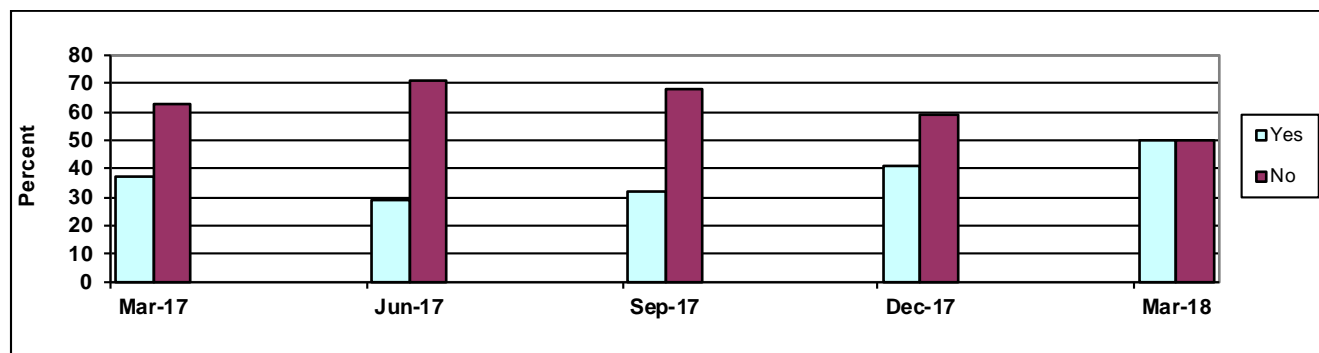
First Quarter 2018

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2018** results are compiled from **22** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
RE/Const/Land Devel	7%	22%	22%	15%	24%
RE/Agricultural	15%	29%	7%	12%	12%
RE/Commercial/Indust	15%	14%	21%	12%	12%
RE/Residential	7%	7%	7%	19%	16%
Agricultural	7%	7%	7%	15%	16%
Commercial/Industrial	22%	14%	29%	12%	8%
Consumer	27%	7%	7%	15%	12%

2. Is the institution active in making the following types of loans?

	Jun-17		Sep-17		Dec-17		Mar-18	
	Yes 8%	No 92%	Yes 4%	No 96%	Yes 10%	No 90%	Yes 0%	No 100%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	50%		0%		0%		0%	
Dealer paper	25%		0%		100%		0%	
Low or No-doc bus. lending	13%		50%		0%		0%	
High LTV home eq. lending	12%		50%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

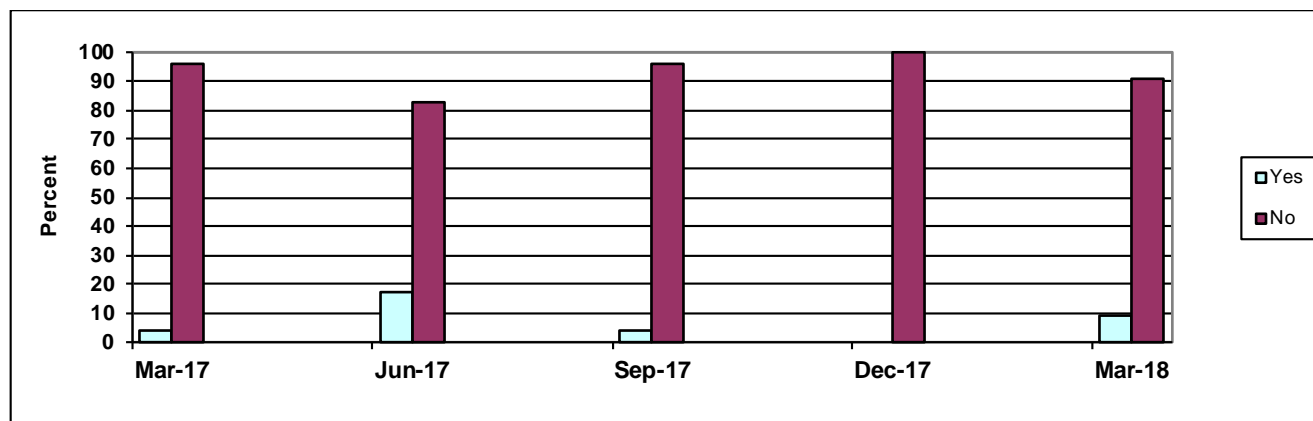
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Yes	0%	0%	4%	3%	0%
No	100%	100%	96%	97%	100%

Examiner's Banking Practices Survey

4. Does the institution use credit scoring models for loan decisions?

	Jun-17		Sep-17		Dec-17		Mar-18	
	No 87%	Yes 19%	Yes 4%	No 87%	Yes 19%	Yes 4%	Yes 23%	No 77%
Of Yes Responses - Loan type								
Credit card	17%		17%		50%		10%	
Consumer	33%		42%		50%		40%	
Residential mortgage	33%		33%		0%		40%	
Small business	17%		8%		0%		10%	
Other	0%		0%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Making collateral based loans?	50%	30%	50%	0%	0%
Reduced collateral margins?	0%	10%	0%	0%	0%
Not requiring cash flow projections?	0%	30%	50%	0%	0%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	50%	20%	0%	0%	0%
Waiving guarantees or other documentation?	0%	0%	0%	0%	0%
Other	0%	10%	0%	0%	100%

6. Describe potential risk in current underwriting practices for:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Agricultural Loans					
Minimal	78%	75%	92%	93%	91%
Moderate	22%	25%	4%	7%	9%
Substantial	0%	0%	4%	0%	0%
Commercial Loans					
Minimal	78%	79%	80%	83%	82%
Moderate	19%	21%	20%	17%	18%
Substantial	3%	0%	0%	0%	0%
Consumer Loans					
Minimal	89%	83%	88%	97%	100%
Moderate	7%	17%	12%	3%	0%
Substantial	4%	0%	0%	0%	0%
Residential Loans					
Minimal	93%	87%	88%	93%	91%
Moderate	7%	13%	12%	7%	9%
Substantial	0%	0%	0%	0%	0%

Examiner's Banking Practices Survey

7. Differences between actual lending practices and written policies are:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Agricultural Loans					
Minimal	85%	88%	92%	93%	96%
Moderate	11%	12%	4%	7%	4%
Substantial	4%	0%	4%	0%	0%
Commercial Loans					
Minimal	89%	88%	84%	97%	91%
Moderate	7%	12%	12%	3%	9%
Substantial	4%	0%	4%	0%	0%
Consumer Loans					
Minimal	89%	88%	96%	100%	100%
Moderate	11%	12%	0%	0%	0%
Substantial	0%	0%	4%	0%	0%
Residential Loans					
Minimal	100%	88%	96%	100%	96%
Moderate	0%	12%	0%	0%	4%
Substantial	0%	0%	4%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Carryover Debt					
Minimal	85%	79%	84%	90%	100%
Moderate	15%	21%	16%	10%	0%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	85%	96%	92%	97%	96%
Moderate	15%	4%	8%	3%	4%
Substantial	0%	0%	0%	0%	0%
Drop in Land Values					
Minimal	78%	88%	88%	86%	96%
Moderate	22%	12%	12%	14%	4%
Substantial	0%	0%	0%	0%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Jun-17		Sep-17		Dec-17		Mar-18	
No. Banks with Inc/(Dec) in ratio (%)	+	46%	-	54%	+	32%	-	68%
Average Inc/(Dec) in Ratio	7.4	(5.4)	4.8	(6.7)	5.9	(9.8)	7.3	(18.1)
Cause of Increase								
Eased underwriting standards	13%		0%		0%		6%	
Deterioration in new loans	13%		0%		0%		0%	
Deterioration in older loans	60%		78%		75%		70%	
Participations or out-of-territory	0%		0%		0%		0%	
Economic conditions	0%		11%		8%		0%	
Changes in lending personnel	7%		0%		0%		6%	
New types of lending activity	0%		0%		0%		6%	
Other	7%		11%		17%		12%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
RE/Const/Land Development	9%	3%	8%	14%	6%
RE/Agriculture	3%	9%	5%	8%	6%
RE/Commercial/Industrial	40%	38%	25%	42%	41%
RE/Residential	18%	19%	13%	19%	15%
Agricultural	2%	12%	1%	3%	9%
Commercial/Industrial	23%	17%	46%	5%	20%
Consumer	5%	2%	2%	9%	3%

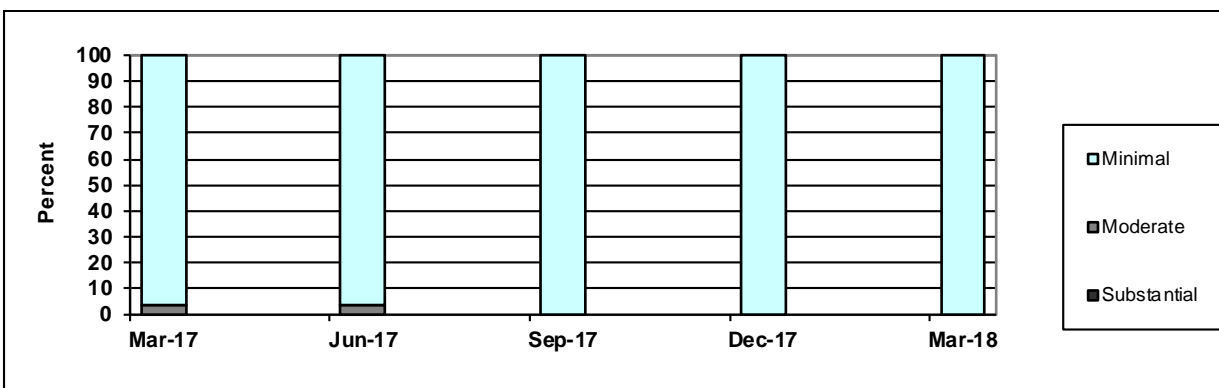
Examiner's Banking Practices Survey

INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Yes	93%	92%	92%	97%	96%
No	7%	8%	8%	3%	4%
If <u>yes</u> , does the bank actively borrow from the FHLB?					
Yes	67%	58%	57%	71%	48%
No	33%	42%	43%	29%	52%

14. Does the bank hold off-balance sheet derivatives?

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Yes	26%	8%	21%	14%	0%
No	74%	92%	79%	86%	100%

15. List nontraditional activity the institution is engaged in.

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Yes	100%	92%	88%	97%	86%
No	0%	8%	12%	3%	14%
Of those that do:					
Nondeposit Investment Sales	27%	18%	41%	54%	26%
Insurance Sales	8%	23%	23%	25%	5%
Real Estate Loan Secondary Market Sales	54%	64%	64%	68%	63%
Non-transactional Web Site	8%	0%	5%	0%	0%
Transactional Web Site	81%	96%	91%	100%	84%
Other	4%	0%	14%	4%	5%